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SUPERMARKET BUSINESS

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NOVEMBER 1989

1989 SEAFOOD
DEPARTMENT REVIEW

Are safety concerns scaring off former customers?

SUPERMARKET BUSINESS

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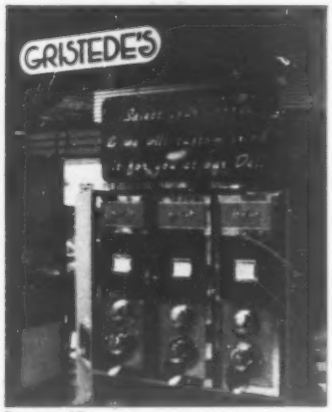

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Photos:
Trunz: J. Bruce Haag
Seafood Review: Michael Ziegler
Pavilions Place: Juaquine Matthews
Gristede's: J. Bruce Haag
Gooding's: Kevin Kolczynski

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EDITOR'S VIEW

EDITOR-IN-CHIEF
Kenneth P. Partch

MANAGING EDITOR
Wayne Schmittberger

SENIOR EDITOR/RESEARCH
David Litwak

SENIOR EDITOR
Mike Duff

ASSISTANT EDITOR
Lauren Lekoski

EDITORIAL ASSISTANT
Danielle Jean-Charles

CONSULTING ART DIRECTOR
Joe Davis

ART ASSOCIATE
Manuel F. Vilo, Jr.

CONTRIBUTING EDITORS
Produce: **Barney H. McClure**
Food Prep: **Elaine Reader**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**
GMHBA: **Francis Willmes**
Management: **Jack Cohen**

ASSOCIATE PUBLISHER
Carol Fenshott

BUSINESS OPERATIONS MANAGER
Craig Balick

CIRCULATION MANAGER
Frank Marino

PRODUCTION DIRECTOR
Gregg Weatherby

RESEARCH DIRECTOR
David Litwak

ACCOUNTING SERVICES COORDINATOR
Patricia Murphy

ADVERTISING SALES

REGIONAL SALES MANAGERS
Thomas Dean
Don Rocco

SALES DEVELOPMENT MANAGER
Janet Isenberg

MARKETING MANAGER
Janet Torres Cepeda

CHICAGO
VICE PRESIDENT, NATIONAL ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGER
John Sonderegger

1821 Walden Office Sq.
Suite 333
Schaumburg, Ill. 60173
708-397-6700

WEST COAST
Sue Marritt

16133 Ventura Blvd., Suite 1270
Encino, Calif. 91436
818-783-5888

ADVERTISING SERVICES DIRECTOR
Karen Kingsley

VICE PRESIDENT ADMINISTRATION
Catherine Cahill

VICE PRESIDENTS
Carol Fenshott
Kenneth P. Partch

PUBLISHER
Jeffrey A. Schaeffer

CORPORATE OFFICERS
FM BUSINESS PUBLICATIONS, INC.
CHAIRMAN
Robert Riordan

PRESIDENT & CEO
Paul McPherson

SENIOR VICE PRESIDENT
Jeffrey A. Schaeffer

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BPA ABP

By Ken Partch, Editor-in-Chief

Incontrovertible Logic

It is amazing what irrefutable and incontrovertible logic can do in analyzing a situation and coming up with the wrong conclusion. It's usually caused by looking at wrong data or not enough right data. There's nothing wrong with the logic, just the premise—the big IF. Here's what I mean.

Through most of the Sixties and good part of the Seventies we heard almost nothing but how the foodservice industry was growing at a fantastic rate and would soon outdistance the grocery industry. In the late Sixties we were told that one-third of all the dollars spent for food was spent on food eaten away from home. That number was never really very accurate, but it soon became gospel and sooner became wonderfully distorted.

The number was flawed from the beginning because nobody (or almost nobody) bothered to ask what was in that number and where it had come from. The number, as I recall, came from the Bureau of Census at the Department of Commerce—where else? The foodservice industry went bonkers with that number and didn't stop to explain that the total included *everything* spent in foodservice, including liquor (which can make or break many a restaurant, but which has nothing to do with competition for food dollars). It included the cost of tables, chairs, silverware, plates and cups, and all the other physical equipment used in foodservice.

Moreover, the growth rate of these dollars was such that in a few short years, foodservice would account for 50 percent of all food sales. Now, the problem with that kind of prediction is that it is assumed that the performance of the past is a straight line that can be drawn into the future.

Putting that famous research fallacy aside for a moment, there was still another distortion operating in the Great Foodservice Growth Story that would make a lot of people less than happy who found themselves investing in the ongoing growth of food-away-from-home. If you threw in the kitchen sink, literally, with all the other things being spent on foodservice, you did come up with something like one-third of the amount spent for food totally. But then, I can't say that it was deliberate, these dollars often began appearing in a quoted statement as not merely "one dollar in three," which was bad enough, but as "*one meal in three*."

> **Once a galloping trend is launched in enough right places, it becomes very difficult to stop.**

From here on, we were off to the glowing future in foodservice, which quite naturally would soon replace food eaten at home. Many people in the grocery industry were almost convinced. Only one other person I have ever heard of contested the original numbers and the incontrovertibly logical conclusion (although there must have been others) and that was Jack Cohen, a current contributor to this publication.

Why is that? Some of the reasons much be that once a galloping trend is launched in enough right places, it becomes very difficult to stop. It is like a brushfire. There is so much "evidence" that makes the argument *sound* right, and so much evidence that it *should* be right, such as all the wonderful demographics and psychographics, and so many fast food joints being built—that it *must* be right.

Nobody wants to rain on such a nice big parade. Probably everybody (or enough) thought that by the time the baby boom ended, and teenagers were no longer a huge bulge in the population, that something else would come along to take its place. And besides, that would be somebody else's problem in the long-term scheme of things of five or 10 years.

So what, you say? Why not take advantage of a trend while it lasts? Right you are. But there is something like the same kind of thinking going on in the grocery business right now, and if we aren't careful, a lot of people could be left with just as much mayo and ketchup on their faces as there are in the foodservice business.

Now, we are all being hypnotized by the take-out food business. It's real, it's there, and you can hardly pick up a newspaper or a business magazine and not see an article or two about how it is growing by leaps and bounds. Even the logic is all there about *why* it is growing by leaps and bounds—singles, working couples, nobody has time to either go out or cook at home. Send me a pizza!

Supermarkets, of course, are moving into this segment of the food business with a vengeance. They don't mean to be left out in the cold, as they were with the convenience store and the foodservice growth. That's good, but they should go carefully. *Learn*, while you go, should be the motto.

For there is another irrefutable and incontrovertible piece of logic that it should be good and sobering to keep in mind. It is this: By and large, give or take a few pounds, the intake of the adult population (I can't speak for teenagers any longer) is largely static when it comes to the annual consumption of food. They can easily eat less (especially with all this pressure for dieting), but is there is very little logic to the idea that they can eat appreciably more, on average, for any given year.

That being the case, I don't care if McDonald's is able to convince the American public that it should eat a hearty break-

Continued on page 9

SEAFOOD SALES
A GROWING QUESTION OF CONSUMER CONFIDENCE

BY DAVID LITWAK, DIRECTOR OF RESEARCH, WITH JANET TORRES CEPEDA

Despite today's beautiful new departments and best merchandising efforts, just one shopper in 20 makes a fresh fish purchase.

Still, this figure represents quite an accomplishment in terms of persuading mainstream Americans to modify their eating habits and give seafood a try. But further traffic increases may require a shift in strategy. Not long ago, if a new adventure in taste didn't work, you could appeal to consumers' nutrition and health concerns, as more shoppers seemed to seek the calorie/cholesterol benefits of fish and fish oil.

Now, ironically, these same interests may be working *against* the category. Reportedly, up to 15 percent of your hard-won seafood customers have *stopped* buying it due to health concerns. And a movement is afoot on Capitol Hill to authorize the Department of Agriculture to put seafood to the same inspection tests that meat and poultry must now pass.

In future issues, we'll look more closely at evolving consumer attitudes and government response. Meanwhile, here are some early indicators as reflected in the latest figures on supermarket seafood department performance ... Continued

1988 was a year of mixed results in the fresh fish/seafood section. Total sales were up by 9 percent, and the number of departments was also up. But concerns about safety drove average weekly sales down.

FRESH FISH AND SEAFOOD

1989 DEPARTMENT OPERATIONS REVIEW

■ At the end of 1987, everyone was gearing up for a banner 1988 in fresh fish sales. Sales had reached a high of $3.65 billion. Stores were expanding or putting in new departments. Cholesterol-conscious consumers were ready to make seafood a staple in their diets. It seemed like a great time to be alive, and in fish sales.

Unfortunately, the expected sales boom failed to materialize. It wasn't that the bottom dropped out of seafood sales. It just slid a little, as did the expectations of fantastic future growth. In the midst of all the euphoria and hoopla over potential fish sales, some hard facts about the American consumer became apparent.

Fish is something of a mystery to most consumers, who don't know most of the species and have no idea how to prepare them. When this basic mysteriousness is coupled with the slightest hint of safety problems, the results can be that many consumers will shy away from seafood products.

That's what happened last year. Per capita consumption of fresh fish/seafood was down slightly (0.2 percent) from the record high of 15.4 pounds in 1987. Some of this decline can be attributed to consumer uncertainty about the safety of fresh fish and seafood, media reports on contaminated fish in New York and other places, and calls for more inspection of fresh products by the government.

These concerns, on top of a basic reluctance to eat more seafood that some people harbor from childhood, have slowed the growth of these products, despite the claimed health benefits of eating a diet that includes more fish.

Sales both up and down

There was a 9 percent increase in the total sales of fresh fish/seafood last year, raising sales to the $3.98 billion mark. This is certainly a healthy increase. The problem, from an individual store owner's point of view, comes from looking at the sales data from a different perspective.

Despite total fish/seafood sales going up, weekly sales per store actually went down slightly last year. The average

Census, Sales & Margins

Sales of fresh fish/seafood grew 9 percent last year. Much of this gain appears to have been due to the addition of almost 1,300 new seafood departments. There are currently fresh fish departments in 45 percent of the nation's supermarkets.

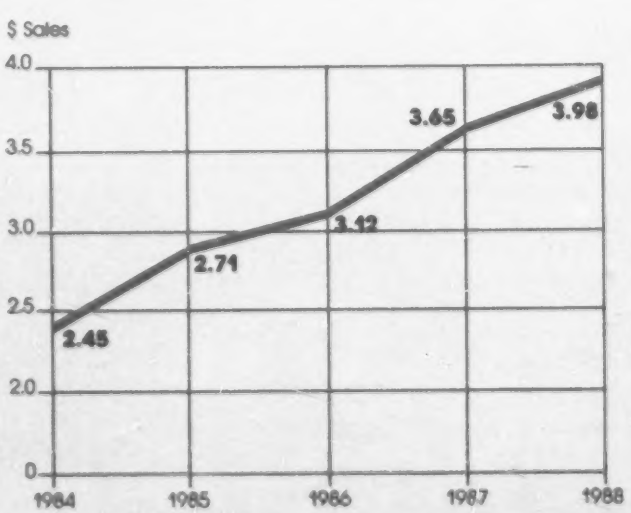
Despite the gain in total sales and outlets, the weekly sales per department dropped a little last year. Each department rang up an average of $5,611 a week, down from $5,685 in 1987. These sales were enough to generate an average of 3.33 percent of the total store profits, based on a gross margin of 30 percent, and the fact that the average fish section accounts for less than 2 percent of the total sales of those stores.

It is no wonder that the vast majority of operators (74 percent) consider their fresh fish sections to be real profit centers, as well as image builders for the store.

Fish/Seafood Units

Number of supermarkets selling fresh fish/seafood	13,640
Percent of all supermarkets	45%
Number of fresh fish/seafood departments opened during last 12 months	1,296

Annual Sales (billions)



Average Weekly Sales

Mean **$5,611** Median **$4,383**

Changes in Dollar Sales

(1987 vs. 1986)

Higher	25%
No change	60
Lower	15
Total	100%

Average reported increase 6.5%

Sales and Margins

Share of Total Store Sales
Mean **1.97%** Median **2.1%**

Gross Margin
Mean **30.0%** Median **28.3%**

Contribution to Store Profit
Mean **3.33%** Median **2.84%**

Do You Consider Your Fish/Seafood Departments:

Traffic & image builders	26%
Both image builders & profit centers	74
TOTAL	100%

department had weekly sales of $5,611 in 1988, down about 2 percent from the 1987 mark of $5,685 per week per unit. Two percent is not a serious loss in sales. But it is disheartening to those operators who were expecting a weekly sales gain in 1988, and who may have expanded their operations accordingly.

Reconciling an increase in the total sales of fresh fish/seafood with a drop in weekly sales per store is fairly easy. Total sales may have gone up simply because there were many more fish/seafood departments in operation last year than in previous years.

During the past year 1,296 new fresh fish/seafood departments opened in our nation's supermarkets. There are now approximately 13,640 fish/seafood sections, up from 12,344 the previous year. This means that there are fresh fish/seafood sections in 45 percent of all supermarkets, although many of these are not service fish departments.

The greater number of supermarkets with fish/seafood departments present more consumers with an opportunity to buy fresh products, which generally help to increase sales. But sales did not increase enough across the board to keep the per store figures from going down, when the nearly 1,300 new fish/seafood units were averaged in.

The discrepancy between higher total sales and lower per unit sales also points to a disturbing conclusion. In all too real a sense, fish/seafood departments are moving less merchandise than a year ago.

We have already seen that per capita fish consumption has started to decline during the past year. This is reflected in the per store sales. One important factor is the price of the product. According to the U.S. Department of Labor, the Consumer Price Index for fresh and frozen fish/seafood rose 4.1 percent in 1988. We're selling less fish at a higher price, which is helping to keep sales dollars up.

With more units now selling fresh fish, new units may have greater competition ... reducing the per-unit return.

An increase in price of 4.1 percent, coupled with a decrease in per store sales of almost 2 percent, means that the volume of product moving through our individual fish/seafood departments is down about 6 percent.

Why is the volume down? A combination of factors may be responsible. First, there were the widely reported safety issues concerning certain fish and shellfish varieties. Second, with the addition of more units, fish/seafood departments may have reached their saturation point.

There may just be enough units selling these products that putting in a new unit has diminishing returns in terms of increasing sales for these products throughout the industry. The new unit may do well, but perhaps only at the expense of other fish/seafood departments.

So far, such market saturation has not occurred in other perishable departments, such as produce, deli and instore bakery. Those departments still seem to be able to increase their customer base each year.

Fish as profit bait

For all the ups and downs in fish/seafood sales, the departments seem to be making a nice profit. Last year, margins of fish/seafood sections rose to 30 per-

Space & Location

There was a slight physical growth in the fish departments last year. The average section grew by 21 square feet, to a total of 586 sq. ft. With slightly lowered weekly department sales volumes, the average weekly sales per square foot declined to $9.58, compared with $10.06 the year before.

Size of Department

Full service fish/seafood department

Mean **586 sq. ft.** Median **528 sq. ft.**

By Store Format

Conventional	456 sq. ft.*
Super store	678 sq. ft.

*Includes self-service fish/seafood departments

Sales Per Square Foot

Mean weekly sales per sq. ft.	$9.58

Cost Allocations

Are department costs allocated back to department?

Yes	61%
No	39
Total	100%

Location of Department

Adjacent to meat department	63%
Separate from meat department	37
TOTAL	100%

cent, compared with 26.8 percent the previous year.

The percentage of total store sales coming from the department remained stable over the last year, averaging just under 2 percent of total store sales. But on average, 3.3 percent of the total profits of a store with a fish/seafood department came from that department. With this very positive profit indicator, it is no wonder that 74 percent of the retailers questioned felt that their departments were successful both as profit centers and traffic/image builders.

The profits generated by fish/seafood departments would obviously be higher if more customers shopped there. Unfortunately, the section did not succeed in attracting many more customers last year than in previous years. The average percentage of store customers shopping the section did increase from 4.4 percent to 4.9 percent, but this still leaves over 95 percent of customers who did not shop there.

This would tend to support the contention that, for the most part, fish/seafood departments are fighting for the same old customers instead of bringing in new ones. What makes matters worse is that the departments are not getting any more money from their faithful customers.

The average transaction amount increased from $4.82 to $5.08 in 1988. This is an increase of about 4 percent, which by no small coincidence is the level at which prices on these products rose during this period.

Prepared entrees of fish/seafood are expected to lead department growth.

Lower labor costs

There is good news on the labor front. From a personnel standpoint, the average fish/seafood department got cheaper to run last year. The average section was manned by the equivalent of three full-time employees, which was down from 3.7 full-time equivalent workers the previous year.

This allowed the percentage of fresh fish/seafood sales that go to paying labor costs to drop to 16.1 percent from the high of 18.4 percent in 1987. Labor cost declines have helped the prof-

Labor & Service

Labor costs have gone down in the seafood section. It costs the department only about 16.1 percent of sales to pay for labor, as compared with 18.4 percent in 1987. This is due to the ability of most seafood sections to operate with fewer employees. The average department runs with the equivalent of 3.0 employees, instead of the 3.7 needed a year ago.

Training is still a major emphasis of the department. New varieties of fish are now available, and high turn-over rates have made the need for formal fish/seafood training programs a reality for 89 percent of the supermarket companies. Even with the formalization of training, it is still basically up to the department manager to provide most of the training.

Number of Employees

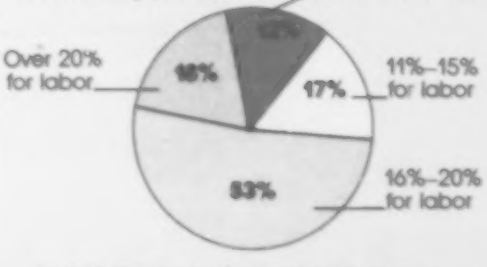
Full-time	1.7
Part-time	2.6
Full-time Equivalent*	3.0

*Two part-time = one full-time employee

How Much for Labor
(labor as a percent of fish/seafood sales*)

Mean **16.1%** Median **15.3%**

100% of Departments



*Includes both service & self-service departments

Employee Training

Have formal fish/seafood training program	89%
No formal fish/seafood training program	11
TOTAL	100%

Who is Responsible for Training?
(Includes multiple answers)

Department manager	89%
Corporate trainer	58%
Seafood supplier	18%

82% of companies want more help in training employees from seafood suppliers

How is Your Fish/Seafood Dept. Managed?

Management

As separate department	76%
As part of meat department	22
As part of deli department	2
TOTAL	100%

itability picture of the seafood department.

These percentages are based on data from both service and self-service departments. Operators report even in those stores that have a service fish/seafood department, about 16 percent of the sales comes from self-service items, an increase of 6 percent.

One area in which labor is saved is in the preparation of the fish. Currently, about 85 percent of the products sold come into the store pre-cut and portioned, while only 15 percent comes in whole. Pre-cut product is up slightly in the last year. The bulk of the labor is spent in maintaining the product and cases, and in customer service. With these "case-ready" fish products, the more highly skilled labor is not needed to clean, cut and fillet the fish.

Despite the lessened need for skilled fish butchers, training continues to be a strong priority in most operations. Eighty-nine percent of the companies with fresh fish/seafood departments have a formal training program for the department. In the vast majority of organizations, it is up to the department manager to administer the training program to new employees.

The training emphasizes product knowledge, food handling and product-specific safety practices, of which there are many. Safety and product appearance have become particularly important, due to the adverse publicity that fresh seafood has sometimes had during the past year.

There has also been emphasis placed on giving employees the kind of information that will help them explain the product and its uses to customers. This is the area in which many operators would like to see more aid from suppliers.

By far, fresh fish varieties continue to dominate the fish/

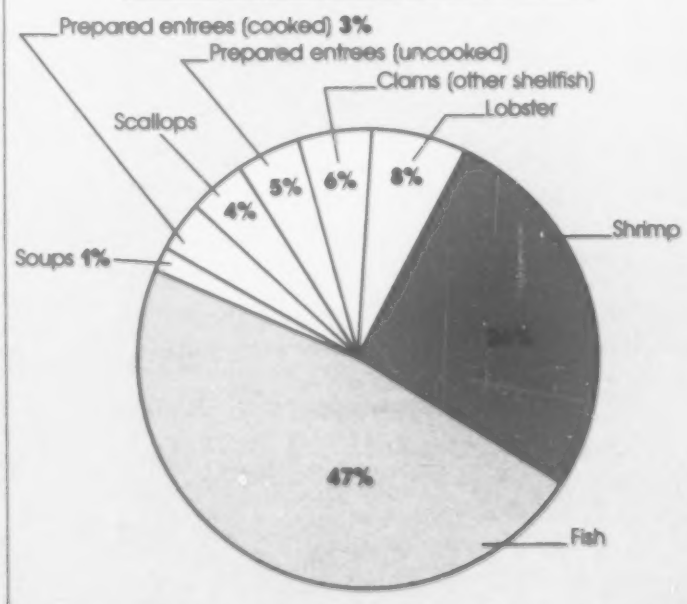
In the wake of adverse publicity, safety and product appearance have become particularly important.

Product Mix

Fresh fish's dominance of the department's product mix has slipped a little in the past year. Fresh fish varieties now account for 47 percent of sales, down from 49 percent. Prepared entrees, both cooked and oven-ready, have grown in popularity, accounting for 8 percent of sales.

Lobsters account for 8 percent of sales, up 1 percent from last year. Virtually all stores (95 percent) selling fresh lobsters, sell them live. With the growing demand for prepared foods, many of the stores selling live lobsters (26 percent) will now prepare those lobsters after they are purchased. This may be the ultimate marriage of prepared foods and customer service.

Portioning Out the Fish/Seafood Sales Dollar



How Do You Sell Lobsters?

(Includes multiple answers)

Live	95%
Sell live & then cook in store	53%
Frozen	29%
Prepared before purchase	26%
Refrigerated	11%

Fresh vs. Frozen

Percent of fish/seafood sold

Fresh	88%
Frozen	12%
TOTAL	100%

Fish/Seafood Items Most Often Added Last Year

Prepared Fish Entrees

Seafood Salads

seafood department sales. Just under half of all sales dollars (47 percent) come from fish sales. This is down just slightly (2 percent) from a year ago.

Shrimp, the second-largest department seller, is also down slightly (1 percent), and now accounts for 26 percent of sales.

Prepared entrees were the biggest sales gainers last year. Both cooked and uncooked fish/seafood entrees now account for 8 percent of all sales in the section. Uncooked prepared entrees do better (5 percent vs. 3 percent) than cooked entrees.

All indications point to prepared entrees as being the place where the department will grow the fastest. Aside from convenience, prepared entrees help to alleviate some of the major hurdles that have stymied fish/seafood sales.

Buying prepared entrees lets consumers overcome their worries about their inexperience in preparing fish, and having the entrees pre-cooked helps to calm some of their safety concerns. It is no wonder that retailers listed prepared fish entrees as the item most added to their departments last year. Seafood salads were also added to many departments.

Departments grew slightly last year. The average full-service fish/seafood department increased to 586 sq. ft., from 565 sq. ft. in 1987. Super stores have an average of 678 sq. ft. for fish sales. Since area is up, and sales per department were down last year, it is no surprise that average sales per square foot decreased by $.48 to $9.58 per week.

Lower labor costs have helped the profitability picture of fish/seafood departments.

In most floor plans that are being developed, the fish/seafood section is adjacent to the meat department. Generally, this is not due to dual management of the departments. (Seventy-seven percent of fish/seafood departments report that they are managed separately from the meat department, regardless of where they are located in the store.) It simply reflects the fact that shoppers associate fish with meat and expect to find it there.

There appears to be little doubt that the fish/seafood department can be a profitable section in most supermarkets, if handled correctly. What remains to be seen is whether the section will continue to grow in sales, or begin to decline. Consumer acceptance of the products will have a great deal to do with whether the departments progress any further than their current sales levels. ■

Merchandising, Customers & Supply

Self-service fish has grown over the last year, from 10 percent of all department sales in 1987 to 16 percent in 1988. This has helped keep labor costs down.

Still, less than 5 percent of all store customers patronize the fresh fish section. Despite the cholesterol-lowering benefits of these products, many customers have either not yet accepted fish into their diets, or may have been put off by safety concerns. The size of the average department transaction rose last year to $6.08. This was an increase of 4 percent, which kept pace with price increases.

How Customers Spend

Percent who shop fish/seafood department

Mean **4.9%** Median **6.2%**

How Much They Spend

(per transaction)

Mean **$6.08** Median **$6.23**

Under $3.00	4%
$3.01-$4.00	28
$4.01-$5.00	25
$5.01-$6.00	28
Over $6.00	16
TOTAL	100%

Service vs Self-Service

(in service fish/seafood depts)

Percent of sales through

Service	84%
Self-service	16
TOTAL	100%

Supply

Percent of fresh fish/seafood bought from:

Specialty fish/seafood wholesaler	98%
Other (including grocery wholesaler)	2
TOTAL	100%

How fish/seafood comes into the store:

Precut & portioned	85%
Whole	15
TOTAL	100%

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 7/14/89	4 WEEKS ENDING 8/11/89	4 WEEKS ENDING 9/8/89
BABY NEEDS	**– 8.0%**	**– 6.0%**	**– 3.4%**
Baby Powders	– 6.9	– 5.8	– 6.4
Baby Oils, Creams & Lotions	– 5.5	– 12.6	– 5.6
Infant Clothes	– 5.2	+ 0.2	+ 0.6
Nursing Supplies	– 5.0	– 0.0	– 0.6
DEODORANTS	**– 3.6%**	**– 8.2%**	**– 4.6%**
Sprays	– 0.5	– 2.2	– 12.0
Roll-Ons	– 13.8	– 13.4	– 10.3
Stick Deodorants & Pads	+ 1.3	– 1.3	+ 0.4
Creams	– 16.0	– 14.9	– 10.1
Deodorants & Talcum Powders	– 21.2	– 16.7	– 3.6
Feminine Hygiene Deodorants	+ 1.9	+ 8.8	– 1.8
Foot Deodorants & Athlete's Foot Remedies	– 2.3	+ 1.2	+ 3.8
Feminine Douches	+ 0.5	– 6.7	+ 0.4
FIRST AID	**+ 1.7%**	**+ 4.4%**	**+ 8.9%**
Antiseptics	+ 8.5	+ 2.7	+ 1.7
First Aid Products	– 1.0	+ 5.1	+ 11.6
HAIR CARE NEEDS	**+ 0.4%**	**+ 2.7%**	**+ 1.4%**
Shampoos	+ 1.5	+ 0.6	– 0.5
Hair Sprays	– 1.1	+ 6.3	+ 5.5
Hair Conditioning Rinses	+ 5.0	+ 5.3	+ 2.2
Hair Setting Needs	+ 4.4	+ 8.8	+ 6.2
Home Permanent Kits	– 2.1	– 15.3	– 3.2
Hair Coloring	– 6.3	– 0.4	– 2.2
Hair Dressing Needs	– 19.1	– 10.9	– 9.4
ORAL HYGIENE	**– 3.4%**	**– 2.6%**	**+ 0.2%**
Toothpastes & Powders	– 8.4	– 4.3	– 2.3
Mouthwashes	– 4.8	0.0	+ 3.2
Breath Fresheners	– 1.7	+ 0.4	– 0.3
Denture Cleaners	– 7.2	– 6.3	– 4.2
Denture Adhesives	– 3.0	+ 0.4	– 0.9
Toothbrushes	+ 4.7	+ 0.8	+ 6.4
Dental Aids	+ 4.5	– 0.7	+ 14.3
PROPRIETARY REMEDIES	**– 3.4%**	**– 3.9%**	**– 1.9%**
Antacids	– 6.7	– 4.0	– 2.6
Internal Analgesics	– 2.6	– 3.3	– 2.0
External Analgesics	+ 0.3	– 4.0	– 9.1
Cold Remedies	– 2.6	+ 4.0	– 0.4
Nasal Sprays/Drops/Inhalers	– 13.0	– 6.6	– 4.4
Chest Rubs	– 5.9	– 0.7	– 0.2
Cough Remedies	– 3.9	+ 5.2	+ 0.4
Laxatives	– 5.4	– 1.3	+ 1.0
Sleeping Aids	– 0.2	+ 1.5	+ 2.7
Tranquilizers	+ 0.5	– 1.1	+ 1.7
Synthetic Vitamins	– 1.1	+ 6.9	– 4.9
Natural Vitamins	+ 3.4	+ 6.0	+ 2.8
Eye Care Products	+ 3.3	+ 8.9	+ 8.5
Appetite Suppressants	– 16.2	– 19.9	– 13.3
SHAVING NEEDS	**– 2.4%**	**– 1.0%**	**– 0.3%**
Shaving Creams	+ 0.1	+ 11.6	– 4.6
Pre-Shave Lotions	+ 6.9	+ 9.5	+ 4.8
After-Shave Lotions	– 1.5	– 8.7	+ 4.9
Razor Blades	– 3.6	– 6.2	– 6.8
Razors & Blades	– 7.2	+ 0.5	+ 18.7
SKIN CARE AIDS	**– 4.8%**	**– 2.1%**	**– 2.7%**
Hand & Body Creams & Lotions	– 7.3	– 3.2	– 2.2
Facial Preparations	– 6.0	– 0.7	+ 5.6
Lip Care Products	– 16.2	+ 11.2	– 3.7
Suntan Lotions & Oils	+ 2.4	+ 0.6	– 21.1
Cosmetic & Medicated Skin Aids	– 3.9	– 8.3	– 3.9
TOTAL ALL CATEGORIES	**– 1.9%**	**– 1.9%**	**– 0.9%**

HBA Losses Continue Through The End Of Summer, But Trend Shows Slight Improvement

August dollar increase is higher than annual rate

BY ALAN B. MILLER JR.

Since Arbitron/SAMI reports are issued 13 times a year and SB is published monthly, each year about this time we prepare a report on HBA food store trends for two four-week periods instead of one. This review will focus on trends during the four-week periods ending August 11 and September 8, 1989, in comparison with the corresponding periods of a year ago.

Although the overall sales picture is not particularly rosy, the 52-category unit sales decline of 0.7% in the September reporting period was significantly lower than the loss rate of 2.9% recorded during the four-week period ending on July 14, 1989. The September trend was also a slight improvement over August's 1.0% overall unit decline.

One signal for optimism is the fact that there was a gain of $26 million, or 4.0%, during the most recent four-week period, a rate of gain superior to either the annual dollar increase of 3.7% or the 12-week gain of 2.7%.

Even so, the HBA tonnage trends in both reporting cycles were weaker than those of the other four product departments. As of the four weeks ending September 8, 1989, shelf-stable food tonnage improved 1.3%, frozen food gained 0.7% and refrigerated foods were ahead 4.0%. Dry grocery non-food unit volume was essentially the same as last year.

Most categories decline

Only two out of eight product groups showed gains in the August period, and three out of eight in the September period. Among individual HBA product categories, the losses also outnumbered the gains: 28 to 23 (with one unchanged) in August and 30 to 22 in September.

In drug stores, total unit volume in the 52 HBA categories rose 1.9% in the August reporting period but fell 3.3% behind in the more recent reporting period.

Three additional HBA categories tracked by Arbitron/SAMI are not yet included in the totals because two full years of data are not yet available for them. In each of these categories the trend was positive, with double-digit unit volume gain rates in the September period: contraceptives (+17.5%), personal lubricants (+10.6%) and home testing kits (+32.8%).

For two other newly tracked categories, four-week and 12-week year-ago data is now available, and the trends were also favorable: thermometers (+8.3%) and elastic goods & dressings (+87.7%).

The baby needs product group showed a downward trend in both periods, although the September loss of 3.4% was an improvement over August's 6.0% loss. The only category with a small gain (less than 1%) in both periods was infant clothes, which has relatively low volume.

Non-stick deodorants fall

Deodorants had a lower loss rate in the more recent period, primarily as a result of gains contributed by stick deodorants and foot deodorants/athlete's foot remedies. However, there were double-digit loss rates in three of the eight categories in this product group: spray deodorants (–12.0%), roll-on deodorants (–10.3%), and cream deodorants (–10.1%).

The most recent four-week period showed a plus of 1.4% for all seven categories of hair care needs combined, but this rate of increase was lower than the 2.7% gain in the prior month. Categories with losses outnumbered those with pluses four to three.

The gains were achieved by hair spray (+5.5%), hair setting needs (+6.2%) and hair conditioning rinses (+2.2%). There

was a loss of half a percent in the highest volume hair care needs category — shampoo. The other three September period losses (which were also found in the August reporting period) were 9.4% for hair dressing needs, 3.2% for home permanent kits, and 2.2% for hair coloring.

Oral hygiene improves

There was a return to the plus column for the oral hygiene product group, which went from a 2.6% loss rate in August to a 0.5% increase in the September reporting period. The only category that did not share in the trend improvement was the low-volume breath freshener category, which moved from a small gain to a slight loss.

The trend in the high volume toothpaste category was still downward (−2.3%), but this was an improvement over the decline of 5.0% for a full year or 5.2% during the 12-week interval. Mouthwash sales were 3.2% higher in the September period.

Although proprietary remedies as a whole remained a problem group, eye care products showed a strong gain in each of the four-week periods.

and dental aids improved from a loss the previous period to post a sparkling gain of 14.3%. Toothbrushes were also up 6.4%.

Proprietary remedies remained a problem product group, with its rate of decline increasing from a loss of 0.8% in August to a drop of 1.5% in September. Eight of its 14 categories showed a loss.

The sharpest September decline rates were found among appetite suppressants (−13.3%) and external analgesics (−9.1%). The decline rate for the high-volume internal analgesics category was 2.0% as compared with a 3.3% loss rate in the preceding period.

The only cough and cold remedy category with a September rate of gain was cough remedies (+0.4%). Cold remedies fell by an equal amount (0.4%). Chest rubs lost less than 1% in both periods, while nasal sprays/drops/inhalers recorded sharp declines (−6.6% and −4.4% in the two periods).

The best category performance in the group was achieved by eye care products, where the four-week 8.5% gain rate was higher than either 52- or 12-week figures. Sleeping aids and natural vitamins were ahead in both four-week periods, but synthetic vitamins moved from a gain of 6.9% in the August period to a loss of 4.9% the following month.

The sales picture in the shaving needs product group deteriorated between periods, moving from a loss of 1.5% to a decline of 5.0% in the most recent period. Shaving creams had a gain of 11.6% in the August period and a loss of 4.6% as of the September period.

On the other hand, there was a favorable trend among aftershave lotions, which moved from minus to plus between periods. Razor blades continue with a case of the blahs, while razor sets had expanded volume of 18.7% in the most recent period.

The overall trend in the skin care aids product group was nearly identical during the two periods—losses of 2.0% for the August period and 2.1% for September. There was an improvement in the trend for facial preparations, which moved from a loss of 0.7% to a gain of 5.6%. However, both lip care products and suntan lotion/suntan oil went from gain rates to losses, and hand and body cream/lotions and cosmetic medicated skin aids suffered losses in both periods. ■

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